

**COUNCIL OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHAIRMAN**

Single Family Home Exemption TOPA Fact Sheet

****Why do you support exempting Single-Family Homes from TOPA?***

The current TOPA law was supposed to be used to encourage homeownership among tenants for single family homes. But even after almost 40 years of single family TOPA, the law has not yielded the results that were expected. As home prices in the District increased over the last 10 years, TOPA took on an alternative use. Bad actors were attracted to vulnerabilities in the TOPA law that made single family homes ripe for abuse. These bad actors have established a lucrative cottage industry, based on a business model that exploits a secondary market where tenants sell their TOPA rights to the highest bidder. Owners are often pressured to pay out exorbitant amounts of money to tenants to avoid the risk of being caught in a TOPA loop. That is not what was intended for TOPA.

TOPA has had a chilling effect on the single-family market and has accelerated gentrification by increasing the price of a single-family home in the District. Many single-family property owners are put off by TOPA and would rather allow their property to sit vacant or operate as a short-term rental. All to avoid the risk of having to battle with a tenant if they decide to sell. By exempting single family homes, we can put these bad actors out of business *and* encourage more property owners to put their homes on the rental market.

****If a developer or third-party buys the home while I'm renting, will I be automatically evicted?***

No. Current law does not void a tenant's lease just because the property was sold. That lease will be kept in place regardless if there is a transfer in ownership. If the new owner wants to reside in the home, the law guarantees tenants at least 90 days, before they are required to vacate the property. Furthermore, District law only allows a property owner to evict a tenant for "just cause" or if the property owner plans on living in the home themselves. That means tenants with an active lease are protected from being evicted by developers, before their lease ends.

****Exempting Single Family Dwellings will prevent purchases by tenants***

No. Exempting SFD's from TOPA does not take away a tenant's opportunity to purchase, they can still place a bid for the home. And property owners can still offer tenants the opportunity to purchase. In fact, homeowners who want to sell their properties may find it easier to sell to an existing tenant.

****Exempting SFDs from TOPA will hurt affordable housing!***

TOPA itself is not an affordable housing tool. TOPA sales are at market rate and tenants must qualify for a loan to purchase the house. TOPA does not make the home more affordable for the tenant.

****But what about a tenant's right of first refusal?***

Even under the current TOPA law, right of first refusal does not guarantee the tenant will be able to purchase the home. TOPA does not require a homeowner to accept a current tenant's offer. Having a right of first refusal, does not provide a benefit in affordability or a guarantee of a purchase by the tenant. Currently under TOPA, if the property owner has accepted a 3rd party offer, the tenant's TOPA offer must match both the dollar amount and the terms of the 3rd party offer.

****Don't thousands of Single Family Dwelling tenants rely on TOPA?***

No. We know from data obtained from DHCD, over the years 2009 to 2015, that shows only 19 tenants have used TOPA to successfully purchase a single-family home.

****Don't other cities and states look to our TOPA law as model legislation?***

Yes. States such as Washington, California, Massachusetts*, and Maryland all authorize their localities to provide tenant's the right of first refusal. While localities such as Seattle, Cambridge (MA), Berkeley (CA)*, Montgomery County, and Prince Georges County, have separate TOPA laws in addition to their state authorization. What makes those jurisdictions different from the District is that each city and state have opted to exclude single family homes from their TOPA law/legislation or tenant's right of first refusal statutes. They understand that TOPA is a great tool for the multifamily but is a misfit for single family homes.

*Pending Legislation